

RESOLUTION NO. 2004-78

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LODI  
APPROVING THE FORMS OF AN INSTALLMENT PURCHASE CONTRACT,  
A CERTIFICATE PURCHASE CONTRACT, A PRELIMINARY OFFICIAL  
STATEMENT, AND A CONTINUING DISCLOSURE AGREEMENT RELATING  
TO WASTEWATER SYSTEM REVENUE CERTIFICATES OF PARTICIPATION,  
2004 SERIES A; AND APPROVING AND AUTHORIZING CERTAIN OTHER  
MATTERS RELATING THERETO

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WHEREAS, the City of Lodi, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), owns and operates a municipal wastewater system (the "System"), to provide for the collection, treatment, and disposal of wastewater; and

WHEREAS, the City proposes to make certain additions, betterments, extensions, replacements, and improvements to the System (the "Project"); and

WHEREAS, the Lodi Public Improvement Corporation (the "Corporation") is a nonprofit public benefit corporation formed for the purpose of assisting the City in financing capital improvements such as the Project; and

WHEREAS, the Corporation has agreed to assist the City by acquiring or causing the acquisition of the Project and selling the Project to the City pursuant to the terms of an Installment Purchase Contract (the "Installment Purchase Contract"); and

WHEREAS, pursuant to the Installment Purchase Contract, the City will be obligated to make installment payments (the "Installment Payments") to the Corporation as the purchase price of the Project; and

WHEREAS, the Corporation will assign certain of its rights under the Installment Purchase Agreement, including its rights to receive the Installment Payments, to Union Bank of California, N.A. (the "Trustee") pursuant to a Trust Agreement (the "Trust Agreement") between the Corporation and the Trustee; and

WHEREAS, pursuant to the Trust Agreement, the Trustee is to execute and deliver City of Lodi Wastewater System Revenue Certificates of Participation, 2004 Series A (the "Certificates"), evidencing the proportionate interests of the owners thereof in the Installment Payments; and

WHEREAS, the proceeds of the sale of the Certificates are to be applied, among other things, to the costs of the Project as provided in the Trust Agreement; and

WHEREAS, the City proposes to prepare and distribute a Preliminary Official Statement and a final Official Statement in connection with the offer and sale of the Certificates; and

WHEREAS, the City proposes to execute and deliver a Certificate Purchase Contract (the "Certificate Purchase Contract") with First Albany Capital Inc. (the "Underwriter"), pursuant to which the Underwriter will purchase the Certificates for reoffering to the public; and

WHEREAS, all acts, conditions, and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form, and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LODI, AS FOLLOWS:

Section 1. The City Council hereby specifically finds and determines that the actions authorized hereby constitute and are with respect to the public affairs of the City and that the statements, findings and determinations of the City set forth above and in the preambles of the documents approved herein are true and correct and that the consummation of the transactions contemplated therein shall result in significant public benefits to the City in that the City expects to improve the efficient operation of the City's System through the financing of the Project as provided in the Installment Purchase Contract and the Trust Agreement.

Section 2. The Installment Purchase Contract, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager, the Finance Director and the Public Works Director, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation the Installment Purchase Contract in substantially said form, with such changes therein as the officer executing such document may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the principal component of the Installment Payments set forth in Exhibit B to the Installment Purchase Contract shall not exceed Twenty-Nine Million Five Hundred Thousand Dollars (\$29,500,000); provided further that the interest components on the principal components of the Installment Payments set forth in Exhibit B to the Installment Purchase Contract shall not exceed such rate or rates that the true interest cost with respect to the Certificates is greater than five percent (5%); and provided further that no Installment Payment shall be scheduled for payment later than 35 years from the date of initial delivery of the Certificates.

Section 3. The Certificate Purchase Contract, proposed to be executed and entered into by and between the City and the Underwriter, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager, the Finance Director and the Public Works Director, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Underwriter the Certificate Purchase Contract in substantially said form, with such changes therein as the officer executing such document may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Underwriter's discount in connection with the sale of the Certificates shall not exceed ninety-five hundredths (.95) of one percent of the principal components of the Installment Payments evidenced by the Certificates.

Section 4. The Preliminary Official Statement, in the form presented at this meeting and on file with the City Clerk, is hereby approved. The City Manager, the Finance Director and the Public Works Director, each acting singly, are hereby authorized and directed to cause the Preliminary Official Statement to be distributed to potential purchasers of the Certificates in substantially the form presented to this meeting with such changes therein as the officer deeming the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission

("Rule 15c2-12") may approve, such approval to be conclusively evidenced by such officer deeming the Preliminary Official Statement final for purposes of Rule 15c2-12. The City Manager, the Finance Director and the Public Works Director, each acting singly, are hereby authorized and directed to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 except for such information as may be omitted from the Preliminary Official Statement under Rule 15c2-12.

Section 5. The preparation and delivery of a final Official Statement, and its use by the Underwriter, in connection with the offering and sale of the Certificates are hereby approved. The Official Statement shall be substantially in the form of the Preliminary Official Statement deemed final for purposes of Rule 15c2-12 pursuant to Section 4 of this Resolution, with such changes as the officer executing the Official Statement may approve, such approval to be conclusively evidenced by such officer's execution and delivery thereof. The City Manager, the Finance Director and the Public Works Director, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Official Statement and any amendment or supplement thereto contemplated by the Certificate Purchase Contract, in the name and on behalf of the City, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

Section 6. The Continuing Disclosure Agreement, proposed to be executed and entered by the City and the Trustee, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager, the Finance Director and the Public Works Director, each acting singly, are hereby authorized and directed for and in the name and on behalf of the City to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as the officer executing such document may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The City Clerk is hereby authorized and directed to attest the signature of the City Manager, the Finance Director, and the Public Works Director and to affix and attest the seal of the City, as may be required or appropriate, in connection with the execution and delivery of the Certificates and the documents approved by this Resolution.

Section 8. Each officer of the City is hereby authorized and directed, acting singly, to do any and all things (including the negotiating and obtaining of a municipal bond insurance policy and/or reserve fund surety bond with respect to the Certificates if the City Manager, the Finance Director or the Public Works Director determines that such insurance policy or surety bond is expected to result in savings to the City) and to execute and deliver any and all documents which such officer may deem necessary or desirable in order to consummate the transactions authorized hereby and to consummate the sale, execution and delivery of the Certificates and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Installment Purchase Contract, the Certificate Purchase Contract, the Preliminary Official Statement, the Official Statement and the Certificates; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 9. This Resolution shall take effect immediately upon its passage.

Dated: April 27, 2004

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I hereby certify that Resolution No. 2004-78 was passed and adopted by the Lodi City Council in a special meeting held April 27, 2004, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hitchcock, Howard, Land, and Mayor Hansen

NOES: COUNCIL MEMBERS – None

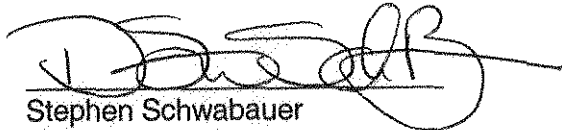
ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON  
City Clerk

Approved As to Form:



Stephen Schwabauer  
Interim City Attorney